FOREIGN AGRICULTURE

February 15, 1971

Trends in World Grain Prices

U.S.-Mexican Trade Grows

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. IX • No. 7 • February 15, 1971

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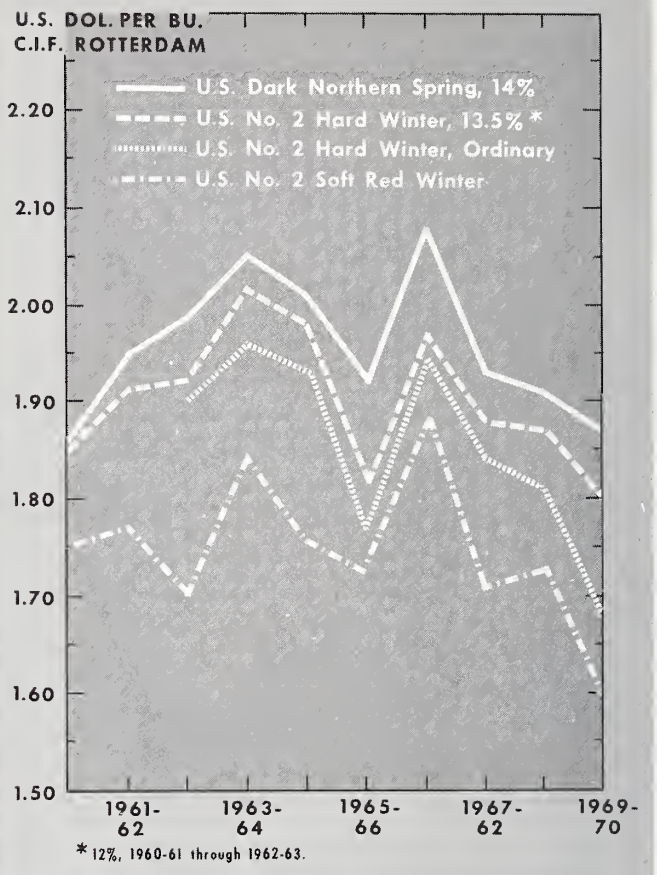
This week's cover:

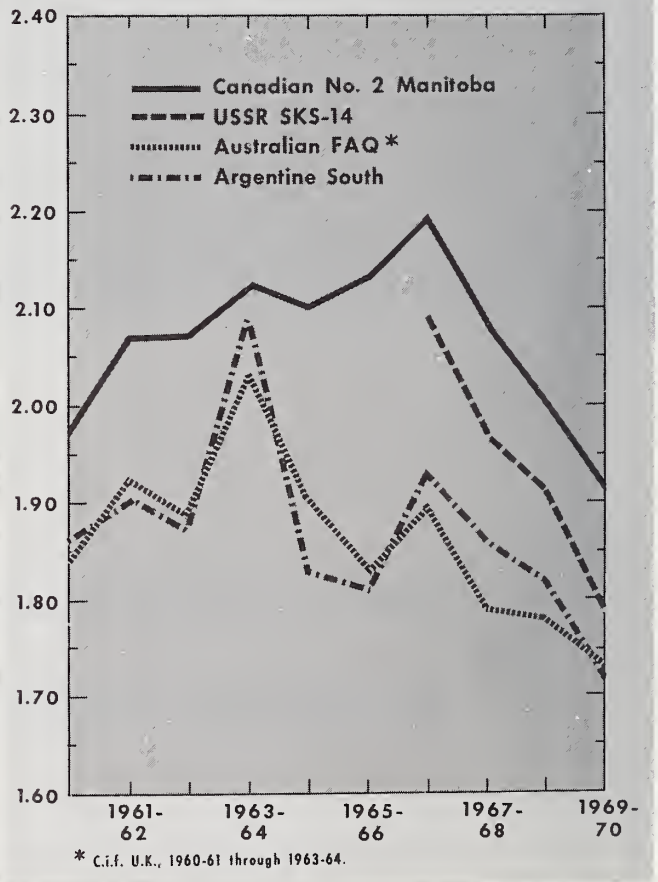
Apple harvest in Australia. Although agriculture's share of Australia's GNP has dropped, fruit production has increased. See article page 5.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

WORLD WHEAT PRICE TRENDS



* 12%, 1960-61 through 1962-63.



* C.i.f. U.K., 1960-61 through 1963-64.

World Prices for Grains Respond to Changing Supply And Demand

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In recent months world grain prices have risen to levels that are as high as any experienced during the last 10 years. The rise has been because of two major and several lesser reasons. First, corn blight occurrence in the U.S. corn crop in 1970 sharply reduced U.S. feedgrain supplies. Meanwhile, some of the world's major wheat-exporting countries had cut wheat production for the past year in an effort to cut carryover stocks. These two events coincided to cause an unusually narrow margin between world import needs of all grains and the availability of supplies for export.

In the recent past, prices of grains in world markets have fluctuated considerably, and over the past 10 years there has been no consistent or discernible long-term trend. For the most part, prices rose somewhat during the early 1960's. But, by the beginning of the current U.S. fiscal 1971, this gain had been generally offset or even overbalanced by a period of irregular decline for most grains. This trend sharply reversed itself to the high prices of recent months.

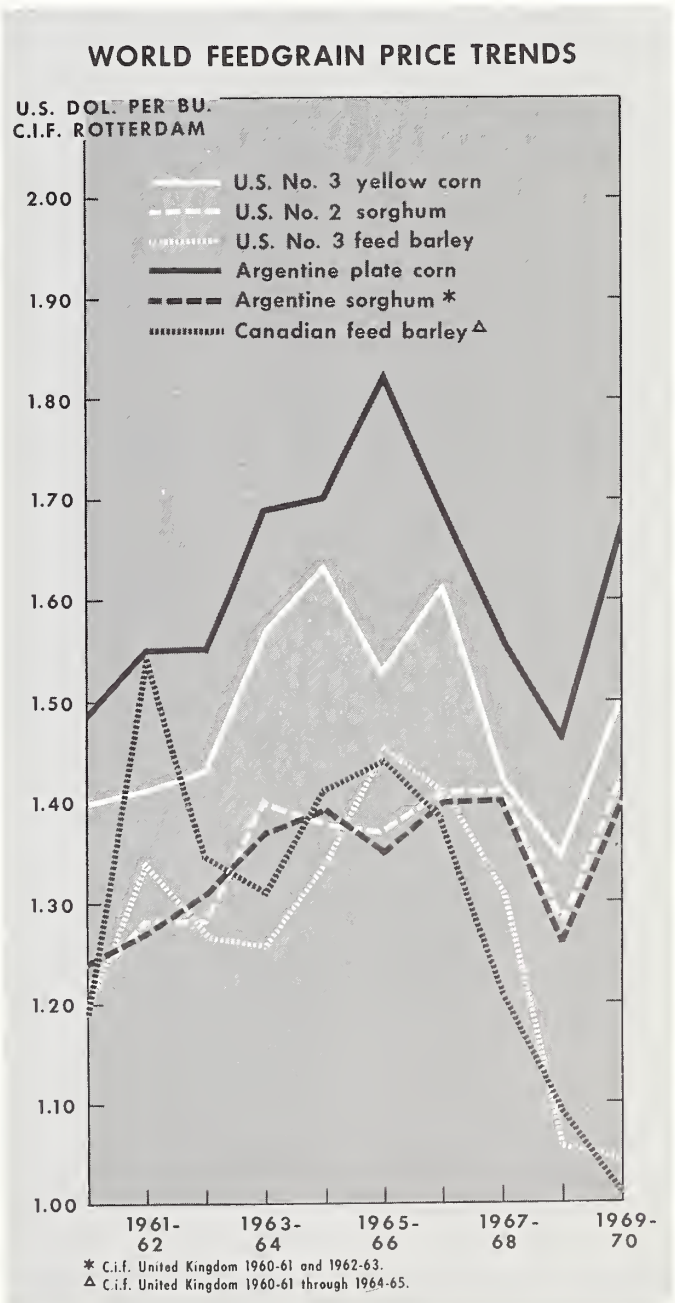
Wheat. In the past, during the 1960's, wheat had two periods of high world prices—one in 1963-64 and another in 1966-67. Both occurred during times of unusually heavy world demand and when Communist countries made large purchases. In addition, in 1966-67 food aid shipments to India were especially high. But prices soon subsided (1967-68) because of the extensive carryover stocks of wheat in the United States and other major exporting countries.

Wheat prices continued to fall during the late 1960's because of a record buildup of wheat stocks in exporting countries, especially outside the United States. In 1969-70 a third successive decline in the annual volume of world import demand occurred, and, consequently, a period of especially strong competition among suppliers. Wheat prices fell to the lowest for the entire decade, and all the major types of wheat commonly traded in international markets were affected.

During these price fluctuations, different types of wheat have followed the same overall price trends. But there has been the usual tendency for a narrowing of difference between prices of hard and soft wheats during times of generally high wheat prices. Conversely, during periods tending toward oversupply, prices of soft wheats have sagged more than those of the premium hard wheats. This tendency for narrowing of price spreads when prices are high is evident again during the present marketing year.

Feedgrains. The pattern of price fluctuations during the 1960's for feedgrains has been similar to that of wheat. Prices for major types traded reached a peak in 1963-64 or in 1964-65, softened somewhat during the middle of the decade, and peaked again in 1966-67 and 1967-68. From then to the end of the decade different types of feedgrains, such as Argen-

(Text continues on page 16; see page 4 for tables of 1970-71 monthly wheat and feedgrain prices.)



Grain Prices in First Half of Fiscal Year 1971

Average Monthly Feedgrain Prices, July-December

Feedgrain	July	Aug.	Sept.	Oct.	Nov.	Dec.	July-Dec.
F.o.b. Gulf	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*
United States:	*per bu.*	*per bu.*	*per bu.*	*per bu.*	*per bu.*	*per bu.*	*per bu.*
No. 3 Yellow corn	1.50	1.51	1.64	1.57	1.59	1.66	1.58
No. 2 sorghum	1.27	1.30	1.47	1.46	1.43	1.46	1.40
C.i.f. Rotterdam							
United States:							
No. 3 Yellow corn	1.68	1.81	1.87	1.77	1.74	1.78	1.78
No. 2 sorghum	1.47	1.63	1.70	1.70	1.65	1.64	1.63
Argentina:							
Plate corn	1.76	1.88	1.99	1.94	1.89	1.92	1.90
Granifero (sorghum)	1.50	1.60	1.72	1.71	1.67	1.66	1.64
Canadian No. 2 feed barley	1.08	1.29	1.52	1.49	1.55	1.54	1.41

Average Monthly Wheat Export Prices, July-December

Wheat	July	Aug.	Sept.	Oct.	Nov.	Dec.	July-Dec.
F.o.b. Gulf	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*
United States:							
No. 2 Hard Winter:	*per bu.*	*per bu.*	*per bu.*	*per bu.*	*per bu.*	*per bu.*	*per bu.*
Ordinary	1.44	1.47	1.53	1.61	1.66	1.72	1.57
13.5 percent	1.52	1.56	1.61	1.70	1.76	1.83	1.66
No. 2 Soft Red Winter	1.40	1.44	1.52	1.59	1.65	1.73	1.56
F.o.b. Lakehead							
U.S. No. 2 Dark Northern Spring, 14 percent	1.55	1.55	1.61	1.70	1.74	1.79	1.66
Canadian No. 3 Manitoba	1.61	1.63	1.69	1.74	1.75	1.78	1.70
C.i.f. Rotterdam							
United States:							
No. 2 Hard Winter:							
Ordinary	1.69	1.77	1.83	1.88	1.89	1.86	1.82
13.5 percent	1.79	1.87	1.95	1.97	1.99	1.97	1.92
No. 2 Soft Red Winter	1.66	1.75	1.84	1.89	1.88	1.87	1.82
No. 2 Dark Northern Spring, 14 percent	1.88	1.96	2.08	2.07	2.08	2.07	2.02
Canadian No. 2 Manitoba	1.96	2.00	2.06	2.15	2.10	2.07	2.06
Australian FAQ	1.70	1.77	(1)	(1)	1.88	1.88	1.81
USSR SKS-14	(1)	(1)	(1)	(1)	2.07	2.06	2.07
F.o.b. Pacific Northwest							
United States:							
No. 2 Hard Winter:							
Ordinary	1.47	1.49	1.54	1.58	1.60	1.64	1.55
13 percent	1.58	1.60	1.62	1.68	1.71	1.74	1.66
No. 2 Western White	1.50	1.50	1.52	1.58	1.63	1.66	1.57
No. 2 Dark Northern Spring, 14 percent	1.62	1.63	1.66	1.72	1.74	1.78	1.69
Canadian No. 2 Manitoba	1.65	1.66	1.70	1.77	1.79	1.83	1.73
F.o.b. Australia							
Australian FAQ	1.44	1.44	1.49	1.56	1.58	1.61	1.52
C.i.f. Japan							
United States:							
No. 2 Hard Winter:							
Ordinary	1.79	1.81	1.84	1.92	1.96	1.93	1.88
13 percent	1.90	1.91	1.95	2.04	2.05	2.03	1.98
No. 2 Western White	1.79	1.82	1.85	1.93	1.97	1.96	1.89
No. 2 Dark Northern Spring, 14 percent	1.94	1.93	1.99	2.08	2.10	2.07	2.02
Canadian No. 2 Manitoba	2.02	2.02	2.06	2.15	2.17	2.14	2.09
Australian FAQ	1.75	1.79	1.82	1.91	1.93	1.87	1.85

[1] Not available.

Farm Share Drops But Australia's GNP Increases

A drop of $200 million in agriculture's share of Australia's gross national product is causing the Government concern. To alleviate effects of this loss, particularly heavy in the crop sector, Australia has increased some wheat guarantees and is continuing other guarantees at previous high levels.

Statistics recently released by the Australian Government reveal that the agricultural sector of the economy has dropped 5 percent, although Australia's gross national product rose by $3.2 billion to $33.8 billion during the fiscal year which ended June 30, 1970.

Gross value of rural production was 12 percent of gross national product, and stood at $4.2 billion compared with $4.4 billion in fiscal 1969. The drop in value for the crop segment of the industry was $269 million, with the main decline in cereals. The drop in value of wheat production at 25 percent was the most dramatic.

Slight increases occurred in the value of Australia's fruit production, especially in dried vine fruits. Livestock products increased by $67 million but wool value dropped by 11 percent. The value of hogs slaughtered was up 12 percent and that of sheep slaughtered by 10 percent.

Other statistics indicate current problems in some agricultural operations. Among the agricultural commodities that Australia traditionally relies on for its export income, only beef presents an encouraging picture. Wool prices are at their lowest point since 1948-49. A more-or-less open-ended Flexible Reserve Price Plan instituted by the Government has failed to provide the expected stimulus despite the Government's purchase of 10 percent of all wool offered this season.

Wheat sales during the past crop year have been excellent (up approximately 60 million bushels over the previous year), with the result that carryover stocks on December 1, 1970, were approximately 270 million bushels, and the availability for export and carryover during the 1970-71 marketing year has been estimated at over 470 million bushels.

Market effects of the U.S. corn blight have helped to stimulate coarse grain plantings. Expected barley plantings in 1970-71—at about 5 million acres—are nearly double the area planted in 1967-68. Oat plantings have risen from 3.4 million acres in 1967-68 to an estimated 5 million for 1970-71, and sorghum has risen from 462,000 acres to an estimated 818,000 acres. Corn plantings for crop year 1970-71 are expected almost to reach the 1967-68 total of 200,000 acres.

Local production of cotton has grown, owing to the Commonwealth Government subsidy, to a point where less and less U.S. cotton will be imported. In recent years imports from the United States have dropped from about 82,000 bales in 1963-64 to less than 200 bales last year.

Production of domestic tobacco has been encouraged by high guaranteed prices, a 50 percent mixing regulation (under which 50 percent local tobacco must be used in all tobacco products), and tariff rebates with the result that future prospects for imports of U.S. tobacco are not too good.

Australian production of vegetable oilseeds is being encouraged by contract prices being offered to growers by crushers. Crushers receive increased duties on imported vegetable oils.

The Australian Government has also announced some changes in its support price structure. It raised the support price of wheat for domestic consumption from $1.93 to $1.95 per bushel.

The current year marks the final one for the cotton bounty; it is limited to $2.2 million which will be divided among all producers whose cotton meets Government specifications. The cotton industry had asked the Commonwealth Government for an extension of the bounty to no avail and, as a result, the industry is seeking to limit expansion of plantings throughout Australia. The bounty has helped Australia grow enough cotton to become self-sufficient.

Tobacco marketing quotas have a history of being raised regularly. There is currently a price guarantee on "quota leaf" that meets grade standards. These high guarantee prices plus import duty incentives have encouraged domestic production to boom.

In order to continue a stabilization scheme for the dairy industry, the Minister of Primary Industry requested dairy farmers and cheese manufacturers in the major dairying regions to keep production for the 1970-71 marketing year within agreed-upon limits—220,000 tons of butter and 70,000 tons of cheese. Industry's agreement to the proposal was made contingent upon the Government's continued support of producers' returns for butterfat at the 34 cents per pound level.

Apple-picking time in Nelson Province, New Zealand.

New Zealand Apple and Pear Crops Expected To Be Down

New Zealand's apple and pear crops for 1971 will be down sharply from the relatively high output of a year earlier. New Zealand is a prominent fruit exporter, particularly of apples, and in recent years has been the largest Southern Hemisphere supplier of apples to the United States.

Apple production is forecast 16 percent below the 1971 level and pear output down nearly 10 percent.

The New Zealand Department of Agriculture forecast apple production at 6.16 million bushels (bushel holds 40 lb.) on December 1, 1970. Last season's apple crop was 7.4 million bushels. Pear production for 1971 was forecast at 960,000 bushels, compared with 1,055,000 bushels in 1970.

Mainly responsible for the reduced crops were heavy frosts in the Canterbury and central Otago areas in September, together with lingering effects of last year's March drought in the main fruit-producing areas of Nelson and Hawke's Bay. These conditions have been complicated by lack of rainfall in recent weeks.

Despite the reduction in the apple crop, however, condition of the apples is quite good. The main varieties were picked around the end of January, and the season will terminate in May.

The lighter cropping of apples this year is reportedly being offset to some extent by increased plantings. The Apple and Pear Board reported a substantial increase in plantings of Granny Smith apples in the Hawke's Bay area, where about 40 percent of this variety is produced. The Board estimates 1971 production of Granny Smiths in this area at 650,000 bushels and predicts increases to 810,000 bushels in 1972, 1,100,000 bushels by 1974, and 1,750,000 bushels by 1979.

The major part of the apple and pear crop each year is marketed by the Apple and Pear Board, established in 1949. The Board has a monopoly on all exports and imports of apples and pears. In addition, it is responsible for a large part of the domestic marketings. A portion of the domestic sales (about 18 percent in 1970) are made directly by the grower, either at the orchard gate or through mail orders. The Apple and Pear Marketing Act of 1949 permits sales for private consumption within a radius of 30 miles of the orchard and mail orders or freighting of private sales in two case lots per customer to any place in New Zealand. These sales are direct competition for the Board.

The Board has requested amendments to certain sections of the Apple and Pear Marketing Act to make detection of illegal apple and pear sales by growers more effective. These amendments have not yet been passed by New Zealand's Parliament, but the Board feels they will be, early this year.

The Apple and Pear Prices Authority is keeping this year's average guaranteed price to growers at about US$1.14 per bushel, the level of the 1969-70 season. This price covers bare fruit—unpacked and ungraded—but includes cartage to the grower's nearest inspection depot. Actual prices to growers for apples will normally range from about US$1.68 per bushel for Granny Smiths to about US$0.56 per bushel for the Ballarat variety.

After paying growers an average price equal to the guaranteed price, the Board must market the crop at prices high enough to cover costs and insure a profit. Latest data indicate that the Board achieved a trading surplus of US$1,075,000 for the third consecutive year in 1969. Of this, the domestic market surplus amounted to $175,000 and export sales to $900,000, A bonus of $333,000 (almost 4½ cents per bushel) was rebated to growers out of the trade surplus.

Exports of fresh fruit from New Zealand in 1969-70 totaled 3.1 million bushels, about 25 percent above the level of the same period a year earlier. The value of fresh fruit exported increased by nearly 50 percent to $10.4 million. The United Kingdom continued to be the largest market, accounting for 1.7 million bushels of apples (59 percent of the total) and about 100,000 bushels of pears (57 percent).

New Zealand is expected to continue selling apples to the United States in 1971. In 1970, U.S. imports from New Zealand amounted to 133,000 cartons (carton holds 42 lb.) of apples and 2,000 cartons of pears, according to preliminary data.

Since apple and pear receipts by the Board in 1971 are expected to be considerably lower than in 1970, there will be either smaller exports or reduced domestic availability of apples and pears in 1971, or, quite probably, both. As a result, the Board may have to import some apples and pears toward the end of 1971. The extent of importing, if any, will depend in large measure on the size of private sales and how much the Board packs for export and how much it processes.

Quarantine regulations will also have an effect on New Zealand's imports. Up to the present, these regulations have kept U.S. fruit out of New Zealand, but they are being reviewed by the New Zealand Department of Agriculture and may be relaxed this year.

World Output and Trade in MAJOR HIDES AND SKINS

Cattle hide output and trade of the major producing countries in 1969 continued the upward trend of recent years and probably followed the same course in 1970, fostered by a worldwide increase in cattle numbers and slaughter and growing demand from tanners.

After climbing during 1969, prices of hide and skin pieces receded during 1970. Requirements of style and the extent of synthetic inroads will play a significant role in determining future price trends.

Calf and kip skin production and trade dropped off sharply in 1969, reflecting a decline in world calf slaughter in favor of beef production.

Paralleling the trend in its cattle slaughter, the United States increased its dominance of world cattle hide production in 1969, while the share of the USSR, second largest producer, declined. This reflects the steady increase in U.S. beef production and the economic difficulties and unfavorable weather that plagued the USSR.

World hide production in 1970 was probably affected more strongly by shifts in processing and trade than by beef output, which was fairly steady.

Consistent with its position as largest producer of cattle hides, the United States also exports more than any other country. Its importance since 1953 as a net exporter is owing to increased slaughter, greater domestic use of leather substitutes, and increasing imports of finished leather goods.

As in past years, the United States in 1969 increased its share of cattle hide trade, raising exports by 61 percent from an annual average of 570 million pounds during 1961-65 to 917 million pounds in 1969. But 1970 exports, at 914 million pounds, remained near the 1969 level. In monetary terms, 1969 exports, including both whole hides and pieces, amounted to $132.5 million (calf and kip skins added another $8.4 million)—a significant "plus" in the U.S. balance of payments. Japan, Mexico, the USSR, and Canada were the major customers.

Argentina, second largest cattle hide exporter, was the largest prior to 1960, but since then its exports have stagnated. They dropped 6 percent from the 1961-65 annual average—to 351.9 million pounds in 1969. Italy, the USSR, and Eastern Europe took most of Argentina's 1969 exports.

Other major exporters of cattle hides in 1969 were France, Australia, Canada, and West Germany, which sold 100-131 million pounds each.

On the import side of the ledger, Japan and Italy shared first place as the world's major purchasers of cattle hides in 1969, taking 448 million and 443 million pounds, respectively.

Most of the remaining imports were accounted for by the Netherlands, the United Kingdom, West Germany, Spain, Yugoslavia, Poland, and Czechoslovakia. Good economic conditions and larger requirements of the tanning industry in Europe accounted for expanded imports by this area in 1969.

Although a large cattle hide producer, the Soviet Union has relatively small cattle production in relation to its consumption needs. This has kept it dependent on cattle hide imports to meet domestic requirements for footwear and other leather goods. Although its purchases fluctuate from year to year, it is the third most important market for cattle hides, following Japan and Italy. The United States and Argentina supplied around 85 percent of USSR cattle hide requirements for 1966-68. The USSR will continue to depend on imported cattle hides in the foreseeable future.

The overall rise in cattle hide output that led to this upsurge in world trade can be attributed to increased world beef production. Similarly, the decline in calf skin production stems from this uptrend in beef. With more calves being grain- or grass-fed and slaughtered as mature cattle, and with cattle feeding likely to increase in both the United States and elsewhere, further declines in calf skin production can be expected. Other factors that have contributed to the smaller supply of calf skins are the decline in North American dairy herds and a Western European shift in preference from veal to beef.

Although U.S. output of calf skins was down 34 percent in 1969 from the 1961-65 average, the United States was still the largest producer, with 5.4 million pieces, followed by France with 4.6 million and Argentina, 4 million.

During the 1960's, the only major calf skin producer whose output did not stagnate or decline was Argentina, which expanded production by 14 percent in 1969 from the 1961-65 average.

The Netherlands emerged as the major calf skin exporter in 1969, selling 3 million pieces, and Spain as the major importer, with 30.9 million pounds.

U.S. exports of calf and kip skins declined sharply in both 1969 and 1970 from the 1961-65 yearly average of 2.3 million pieces. Exports in 1970 were 1.3 million pieces and in 1969 were 1.7 million pieces.

Less developed as well as developed countries work to increase hide output. In a modern Philippine leather factory, industry workers nail down the hides to special drying frames. (Photo: FAO)

Farm Goods Share in Growth Of Trade Between Mexico And the United States

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Economic Research Service

Agricultural trade between Mexico and the United States hit record levels during fiscal 1970.

As in most previous years, more than 90 percent of U.S. exports to Mexico were nonagricultural goods like vehicles, machinery, replacement parts, chemicals, and fuels. In 1970, the total was $1.56 billion. But the agricultural component alone reached a record value of $139 million—more than half again as high as the 1969 level and also well above the previous record of $120 million in 1958. Furthermore, most U.S. agricultural exports to Mexico are commercial dollar sales.

In contrast with exports, close to half of our imports from Mexico are generally agricultural. For fiscal 1970, these amounted to $526 million out of the $1.15 billion total—a 21-percent advance over the previous year's level and also a record.

Mexico's imports from the United States supply most of Mexico's limited market for agricultural products. A major agricultural producer itself, Mexico has relatively severe import restrictions; it imposes high tariffs and also controls many import prices through official valuation.

In 1970, however, import demand was pushed upward by production losses resulting from adverse weather. Corn and cotton crops were affected by extremely dry conditions in the north-central and northeast areas and by heavy rains in the south. Reflecting this situation, exports of four main U.S. commodities to Mexico, which fluctuate widely with Mexican crop conditions, rose sharply. Feed corn exports went from $1.1 million in 1969 to $23.8 million in 1970; soybeans, from $2.6 million to $13.6 million; cottonseed, from $273,000 to $1.2 million; and vegetable oils, especially cottonseed and soybean, from $2.1 million to $8.9 million.

Certain other U.S. agricultural exports, which do not depend as greatly on Mexican crop conditions, showed considerable growth in 1970. These included cattle hides, which rose from $14.9 million to $15.8 million; animal fats and oils (except lard), $1.6 million to $7.5 million; fruits, nuts, vegetables,

Trade Between United States and Mexico

Year ending June 30	U.S. imports from Mexico				U.S. exports to Mexico	
	Total	Agricultural			Total	Agricultural
		Total	Supplementary	Complementary		
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
Average 1956-59 ...	431.2	182.1	89.3	92.8	833.6	83.3
1960	409.0	186.5	118.5	67.9	780.1	59.1
1961	447.7	260.4	194.0	92.8	776.8	62.4
1962	532.5	274.3	194.5	79.8	748.6	56.6
1963	533.8	257.8	195.0	62.8	763.8	77.9
1964	595.9	278.6	204.7	74.0	907.2	75.4
1965	578.4	269.7	178.1	91.6	1,062.7	79.1
1966	635.2	304.7	231.7	73.0	1,092.7	84.5
1967	729.8	328.8	258.1	70.7	1,176.3	74.4
1968	783.2	354.3	281.0	73.3	1,274.3	71.1
1969	954.8	435.1	361.7	73.4	1,313.7	86.3
1970	1,151.0	526.6	439.2	87.4	1,562.3	138.9

Picking strawberries (left) and crating tomatoes (below) on farms in Mexico. Photos: Inter-American Bank.

and preparations, $9.8 million to $12.5 million; condensed and evaporated milk, $5.1 million to $5.7 million; lard, $3.4 million to $5.5 million; animal feeds, $4 million to $4.3 million; and fresh or frozen edible offals, $2.7 million to $4.1 million.

U.S. imports from Mexico have accounted in recent years for an increasing share of this country's total imports of agricultural products—in 1970, 10 percent, as against 9 percent in 1969 and 7 percent 5 years ago. In fact, Mexico has moved up from second place as a U.S. supplier to tie with Brazil for first place; and in 1971, it could replace Brazil as principal source.

For "supplementary" U.S. agricultural imports—those partly competitive with U.S. products—Mexico is already by far the leading source. It provided 13 percent of the 1970 total, or $439 million out of $3,373 million, in 1970; the year before, it had provided about 12 percent of the total, or $362 million out of $3,072 million. Items for which it holds the chief market share include feeder cattle (86 percent of U.S. imports), fresh vegetables (86 percent), fresh and frozen strawberries (93 percent), melons (95 percent), fresh citrus (54 percent), molasses (25 percent), cotton (29 percent), and linters (80 percent).

The value of Mexico's agricultural exports to the United States rose by an average of 18 percent per year over the past 10 years, with most of the rise taking place since 1965. The past 2 years saw increases of over 20 percent.

Factors contributing to this growth are rising U.S. demand and expanding Mexican production. For many agricultural commodities similar to those grown in Mexico, U.S. consumption has outstripped domestic production. Moreover, it is during the winter months when seasonal U.S. production is at a low point that imports from Mexico reach a peak; Mexico's fresh vegetables and fruits enter the United States mainly between November and May. Also contributing to the growth of U.S. imports are Mexico's relatively low production costs. Capital outlays for irrigation projects, transportation equipment, and food processing facilities have brought increased efficiency in production and distribution.

Most of Mexico's farm products have shared in the export growth, but those that have shown the strongest expansion are live animals, meats, vegetables, sugar, and fruits. In the past 2 fiscal years, exports of cattle and calves rose from $56.4 million to $80.4 million; beef and veal (fresh or frozen), from $34.2 million to $42.1 million; vegetables and preparations, from $102.7 million to $137.2 million; sugar and related products, from $97.3 million to $107.7 million; and fruits and preparations, $42.7 million to $44.1 million.

Within these broad categories, there were some individual ups and downs, especially for fruits. Exports of strawberries and melons rose; those of fresh citrus and of pineapples and products declined. Among the fresh vegetable exports, there were increases for beans, eggplant, onions, peas, peppers, squash, and tomatoes; decreases for cucumbers and garlic.

Export increases also occurred for the broad category of coffee, cocoa, and spices, advancing from $64.1 million to $83.1 million. Most of the coffee and cocoa items rose—green coffee, the largest, from $52.1 million to $69.4 million. The largest spice item—capsicum pepper—slid from $1.8 million to $1.5 million; vanilla beans, from $402,000 to $179,000.

Other exports to this country that decreased were cottonseed oilcake, down from $1.9 million to less than $300,000, and cotton and linters, from $6.3 million to $5.7 million—both reflecting drought-caused reductions in Mexico's cotton crop. Tobacco exports slipped from $2.6 million to $2.4 million; sesameseed, from $1.5 million to $1.4 million; sisal and henequin, from $3.7 million to $2.9 million.

New Direction Seen for U.S. Cotton Trade

According to Assistant Secretary of Agriculture Clarence D. Palmby, "What this country needs is over one-half billion dollars of foreign exchange earnings annually from the export of cotton." Speaking before the National Cotton Council of America in Dallas, Texas on February 1, Mr. Palmby focused on the new direction set for cotton by the Agricultural Act of 1970. After summarizing the main provisions of the cotton program, he declared that the new approach, which deemphasizes the system of government allotments, offers the cotton industry the opportunity to be more competitive in terms of production costs and to produce the quantities and varieties the market—both domestic and foreign—requires at a given time.

He pointed to the long-term decline in cotton exports—from almost one-third of U.S. agricultural exports 20 years ago to only 5 percent last year—as one of the main reasons for the change in the cotton program. According to Mr. Palmby, "Cotton has been losing out, both in the race with synthetics at home and abroad and in the competition with cotton producers in other countries."

As a means of strengthening cotton's competitive position, he called attention to new opportunities in research and promotion.

"To achieve truly meaningful results for cotton the additional funds available for research and promotion must be expended for projects that offer realistic opportunity to help cotton. The development of such projects requires the best talent available in our nation."

He also pointed out the necessity of having larger supplies along with a greater variety of staple lengths and other quality factors if cotton is to regain its rightful share of market growth at home and abroad.

Mr. Palmby pointed out that this year's export picture is brighter. "We now think that U.S. cotton exports during 1970-71 will total at least 3.5 million bales, compared with 2.8 million bales last year. Exports this season would be even larger, approaching 4 million bales perhaps, if there were adequate supplies of the qualities desired. The supply of U.S. cotton has simply been too tight, particularly the shorter staple cotton demanded by foreign producers for blending."

Mr. Palmby said that U.S. cottonseed has the opportunity to share in the general growth in edible oil consumption. "U.S. exports of cottonseed oil this marketing year (Oct.-Sept.) will be somewhat below last year's 400 million pounds, largely because inventories are below a year ago. While exports this year and last year are below the peak period of 1964 and 1965, they are well above the years of short crops in the late 1960's. This points up the fact that the fate of U.S. cottonseed oil in the world market rides with the future of U.S. cotton production."

Cotton Promotion Planned for Far East: Emphasis on Advertising Activities

To offset increasing competition from both manmade fibers and cotton from other sources, Cotton Council International (CCI)—the overseas arm of the National Cotton Council of America—will inaugurate new activities in 1971 to promote sales of U.S. cotton in several Far Eastern markets.

Under an agreement with the Foreign Agricultural Service, CCI will cooperate with various industry associations, manufacturers, and retailers in Korea, Taiwan, the Philippines, Thailand, and Hong Kong in establishing and conducting jointly financed market development programs designed to promote textile products made from 100-percent U.S. cotton and consumed in those countries.

The planned activities are based chiefly on those carried out in a successful pilot project conducted in the Philippines during 1970. In that project CCI collaborated with four Philippine mills, in carrying out mutually agreed-upon advertising of certain products made from 100-percent U.S. cotton.

For the 1971 promotions CCI and cooperating groups will conduct an intensified program of trade and consumer advertising. Plans include use of media advertising — TV, radio, newspapers and women's magazines; special events such as cotton fashion shows; and the preparation and distribution of cotton posters and booklets to dressmakers, retail shops, and design schools.

In addition, many other activities ranging from market research studies to sales training programs may be conducted. CCI will also provide market information services for U.S. exporters and foreign importers.

As part of the effort to spark more interest in U.S. cotton in these markets, the U.S. Maid of Cotton, Patricia Dianne Perry, will tour the Far East in the late spring.

Ad promotes U.S. cotton woven in a Philippine mill.

Cotton faces increased competition from manmade fibers, which are being promoted aggressively in these markets. In Korea alone, the growth in net availability of manmade fibers rose from the equivalent of 93,700 bales in 1961 to 564,500 bales in 1969, an increase of over 500 percent. By comparison, cotton consumption rose from 227,000 bales in 1961 to 447,000 bales in 1969, an increase of only 97 percent.

CCI President J. Russell Kennedy recently announced that William B. Nunn will supervise these promotion projects for CCI.

Japan Plans Liberalization and Tariff Revision for Pork and Other Items

The Government of Japan recently announced plans to liberalize some 52 items in 1971—27 by April 1 and another 25 by September 1. Those scheduled for liberalization include a number of agricultural items of interest to U.S. exporters, such as grapefruit, pork, live cattle, soybean meal, vegetable oils, sausages, and instant potatoes.

Pork is the largest U.S. trade item among those to be liberalized, with shipments in 1969 totaling $26.9 million. Other items of substantial trade interest are peppermint oil ($2.4 million), soybean meal ($2 million), canned sweet corn ($406,000), and grapefruit ($373,000).

The liberalization will reduce the number of items under quota on September 1 to 40. Beef, pulses, fresh oranges, and citrus juices (other than lemon juice, which was liberalized in September 1970) will still be affected by the quota.

Besides removing the quota from pork, the Government of Japan has announced plans to revise the tariff on this item. The duty will be changed from the current rate of 10 percent ad valorem to incorporate a variable levy based on a gate price (minimum import or check price).

Breeding stock will be admitted duty-free and other duties will range from 10 percent ad valorem on feeder pigs to the higher of 10 percent ad valorem or the gate price (currently 48 cents for carcasses or 64 cents for primal cuts) minus the c.i.f. price.

The proposed tariff is expected to greatly handicap U.S. pork exports, especially lower price cuts such as Boston butts which are very popular with Japanese consumers.

Yugoslav Grain Imports

Because 1970 crops fell short of domestic demand, the Yugoslav Government has decided to import 400,000 metric tons of feedgrains during the 6-month period dating from December port include wheat, barley, corn, and 17, 1970.

Feedgrains to be considered for import include wheat, barley, corn, and rye. Quantities and sources of the commodities will be determined by the bids on tenders submitted by Yugoslav importers to the Directorate of Food Reserves in Yugoslavia.

New Zealand Lamb

The New Zealand Meat Producers Board recently announced a reduction in the target for New Zealand lamb exports to markets outside the United Kingdom from 16.5 percent to 15.25 percent in the current season (Oct. 1970-Sept. 1971).

The Board said the change was made because export lamb production estimates were lower than anticipated. This lower level of export lamb production was a result of labor disputes at the freezing works, which closed meat plants for 7 weeks at the beginning of the current season.

Honduras Levies Duties on CACM Imports

Honduras has begun levying duties on imports from the other four members of the Central American Common Market — Costa Rica, El Salvador, Guatemala, and Nicaragua—an action which is contrary to the common market agreement among those countries. This step imperils the continued existence of the CACM, which was formed 9 years ago.

Nearly two-fifths of all U.S. agricultural exports to the CACM countries consist of wheat and flour ($15 million of a total of $38 million exported in 1969). U.S. wheat exports have not been greatly affected by the existence of the CACM as wheat and wheat flour have never been incorporated into the common tariff structure or into the CACM Common Grains Protocol. Very little wheat is produced in the region, and the United States supplies most of the wheat imported into the CACM countries.

U.S. exports which compete with those from CACM countries for the Honduran market include cereal and baking products, rice, fresh and canned vegetables, cocoa, and edible vegetable oils. U.S. corn, beans, and tobacco compete with the Honduran products in other CACM markets.

CAP for Cottonseed

A proposal for subsidies in the form of acreage payments for cotton was submitted by the EC Commission to the Council on January 11. This action is a modification of the Commission's statement last August, which foresaw measures to support cotton production through an aid for cottonseed. The significance of the move lies in the possibility that a full cotton CAP might be established at some future date. More probable, however, is that Italian cotton producers (the only producers in the Community) will be given treatment similar to that of Community flax and hemp producers, who receive acreage subsidies for their crop.

All oilseeds, including cottonseed, are already covered by the basic fats and oils regulation, which provides for compensatory taxes on imports of oilseed products in the event of severe market disruption. The United States is a significant exporter of cottonseed oil and meal.

The immediate impact on U.S. trade is likely to be negligible. Only 20,000 acres, mostly in Sicily, were harvested in 1970, and annual production of cottonseed is approximately 4,000 short tons, in addition to 8,000 bales of cotton fiber.

Colombian Grain

Colombia has bolstered an effort to protect its domestic grain market from imports and to promote production by increasing support prices for several crops. These support prices, with last year's in parentheses, range from $65.7 to $119.25 ($58.20 to $103.84) per ton for rough rice, depending on type; $113.95 ($106.00) for barley; $74.20 ($68.90) for corn; $63.60 for sorghum ($62.01) and $111.30 the same as last year for Colombian wheat.

Argentine Cattle Prices

Prices for live Argentine export-type steers on the Liniers market reached a new high equivalent to U.S. $20.07 per 100 pounds for the week ending January 13, 1971. Prices a year ago for the same period were $10.24 per 100 pounds. The almost twofold increase in prices was due to a lower level of cattle rivals at the market since the beginning of 1971.

CROPS AND MARKETS

Fats, Oils, and Oilseeds

Brazil's Soybean Crop Less Than Expected

While Brazil is expected to produce a record soybean crop in 1971 for the third successive year, both production and exports will be below earlier indications.

Soybean plantings are estimated at 3.3 million acres, or about 13 percent above plantings a year earlier. This increase, however, will not bring a corresponding increase in production, mainly because early plantings in the major producing State of Rio Grande do Sul were reduced sharply due to lack of rain. The crop is now forecast at 1,426,000 metric tons (52.4 million bushels), about 7 percent above the estimated 1,332,100 tons (48.9 million bushels) produced last year but 9 percent below earlier expectations.

Soybean exports in calendar 1970 (practically completed in September) were about 290,000 tons (10.7 million bushels) but may fall to 250,000 tons (9.2 million bushels) or less. Exports in 1969 were 310,148 tons (11.4 million bushels). Soybean cake and meal exports totaled about 500,000 tons in 1970 compared with 295,366 tons the previous year. Only insignificant quantities of soybean oil were exported in 1970, and very little is likely to be exported this year.

Because of recent heavy rains in Paraná, the peanut crop now being harvested will be less than expected earlier and Brazil's 1971 cotton crop should be down for the second successive year. Consequently, larger quantities of soybeans will be required by domestic crushers to meet Brazil's rapidly increasing consumption requirements for vegetable oils. With the expectation that domestic mills will pay growers higher prices than exporters for soybeans this year, exports in 1971 probably will be down.

Domestic crushing of soybeans in 1971 is forecast at more than a million tons (36.7 million bushels), compared with an estimated 800,000 tons (29.4 million bushels in 1970). In Rio Grande do Sul and Paraná, practically all of the soybean mills are increasing processing capacity. Long-range forecasts for soybean production—mostly in these two States—go as high as 3 million tons (110 million bushels) in 1975.

Two of Brazil's largest vegetable oil processing firms are now looking to Paraná to supplement production and processing capacity already well established in Rio Grande do Sul and São Paulo. Recently, one large agri-business firm inaugurated a soybean-processing plant in Londrina, Paraná. Recent newspaper articles report that another agri-business corporation is constructing a large soybean-processing plant in Ponta Grossa, Paraná, with operations expected to begin in 1972. Capacity of the latter plant is projected initially at 180,000 tons per year, with later capacity doubling to reach 360,000 tons per year.

Tobacco

1970 U.S. Tobacco Exports Decline

U.S. exports of unmanufactured tobacco for calendar 1970 were down 11.6 percent from the relatively high level of the previous year. Total exports were 510.3 million pounds, down 67 million from the total 577.5 million pounds in 1969. Exports of flue-cured tobacco, the major type, at 365 million pounds, were down 15 percent from the level of the previous year. Foreign purchases of burley tobacco, the second most important type in U.S. production, were also down—about 16 percent.

Export value for the year at $488.4 million was down about 9.5 percent, from $539.7 million during 1969. The total value of unmanufactured leaf plus manufactured tobacco-product exports was $679.2 million, compared with $695.5 million in the previous year.

The value of U.S. tobacco-product exports during 1970 increased to a record high of $190.8 million from $155.8 million during 1969. This was 22.5 percent over the value for 1969 and about $30 million above the previous record in 1968. Cigarette exports reached 29 billion pieces, an increase of about 17 percent over the level of the previous year. Exports of smoking tobacco in bulk reached 23.9 million pounds, an 18 percent increase. The number of cigar and cheroot exports was down about 10 percent.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO

[Export weight]

Kind	December		Jan.-Dec.		Change from 1969
	1969	1970	1969	1970	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	58,333	48,635	429,618	365,159	−15.0
Burley	6,541	1,845	52,011	43,498	−16.4
Dark-fired Ky.-Tenn.	2,028	1,152	21,143	19,704	−6.8
Va. fire-cured [1]	364	209	4,383	5,370	+22.5
Maryland	1,156	995	10,415	11,793	+13.2
Green River	0	0	440	328	−25.5
One Sucker	16	33	435	505	+16.1
Black Fat	246	88	1,126	2,662	+136.4
Cigar wrapper	82	98	2,222	1,570	−29.3
Cigar binder	18	68	868	334	−61.5
Cigar filler	61	0	612	403	−34.2
Other	8,489	9,354	54,213	58,993	+8.8
Total	77,334	62,477	577,486	510,319	−11.6
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	76.9	60.5	539.7	488.4	−9.5

[1] Includes sun-cured. Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	December 1969	December 1970	Jan.-Dec. 1969	Jan.-Dec. 1970	Change from 1969
Cigars and cheroots					*Percent*
1,000 pieces	2,930	2,627	65,463	58,705	−10.3
Cigarettes					
Million pieces	2,329	2,352	24,969	29,147	+16.7
Chewing and snuff					
1,000 pounds	4	5	33	65	+97.0
Smoking tobacco in pkgs.					
1,000 pounds	76	65	1,054	1,145	+8.6
Smoking tobacco in bulk					
1,000 pounds	1,623	3,210	20,190	23,878	+18.3
Total declared value					
Million dollars	143	17.2	155.8	190.8	+22.5

Bureau of the Census.

Belgium-Luxembourg Cigarette Output Up

According to recent statistics covering the Belgium-Luxembourg Economic Union, cigarette production and consumption have increased significantly in recent months over the levels of the previous year. For October 1970, cigarette production was up about 13 percent and for January-October, it increased 5 percent over the same period a year ago. The consumption increase was even greater, with 16 percent for October and about 9 percent for January-October over the like period of 1969. During calendar 1969 cigarette output, at 17.6 billion pieces, was up 4.1 percent over the 1968 level.

Production of cigars, smoking tobacco, and snuff declined in the 10-month period. Cigarillos continued about the same as in the previous year.

The amount of leaf tobacco used in the production of cigarettes was up 7 percent for the 10-month period but, with the exception of snuff, was down for all other tobacco products. For October 1970, leaf tobacco used in cigarettes was up more than 12 percent from October 1969.

Imports of unmanufactured tobacco during January-June 1970 were 38.6 million pounds, an increase of 2.4 percent over the same period of 1969. Imports from the United States were 8.4 million pounds, down 3.5 percent.

Sugar and Tropical Products

Indonesia To Expand Sugarcane Production

The Indonesian Government plans to increase sugarcane plantings because sugar production (about 700,000 metric tons in 1970) is not sufficient to cover domestic needs. Consumption has been increasing along with population, while the total domestic supply of sugar has been declining. Besides the increase in population, a new manufacturer of condensed milk and several new soft drink bottlers have contributed to the increase in sugar consumption.

Sugarcane plantings will not be increased on Java because the farmers there generally prefer to rent their land for the production of other crops for which they receive higher rates, or to raise those crops themselves. Thus, the only alternative is to find areas on the other islands of Indonesia, probably to the east of Java, where a suitable climate and sufficient manpower are available. Ratooning (planting shoots of sugarcane) will then be possible and the cost of production lowered. The raw sugar produced in these other areas will be transported to Java for refining.

In line with the Government's intention to increase cane production, Javanese sugar mills will be remodeled; those having refining facilities will receive priority. The Government of Indonesia has also given permits to an American and Japanese company to establish one sugar mill each.

U.K. and West German Cocoa Bean Grind

Grindings of cocoa beans in the United Kingdom during the fourth quarter of 1970 totaled 21,400 long tons, off slightly from the 21,900 tons processed during the corresponding 1969 period. Grindings for the year amounted to 81,100 tons, down nearly 11 percent from the 90,000 tons in 1969. However, grindings by West Germany during 1970 increased to 125,838 metric tons from 122,276 in 1969.

Livestock and Meat Products

U.S. Meat Imports Rise in December

Meat imports subject to the Meat Import Law during December 1970 totaled 89.8 million pounds, compared with 69.4 million for December 1969. Imports for calendar 1970 totaled 1,170.4 million pounds, 8 percent above the 1,084.1 million for 1969. Rejections for 1970 totaled 17.4 million pounds, compared with 13.5 million for the previous year. Therefore, imports subject to the Meat Import Law totaled a net of 1,153 million, compared with the 1,070.6 million that entered in 1969.

Larger declared entries for consumption in December 1970 from Australia, New Zealand, Canada, Ireland, Nicaragua,

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW[1] BY COUNTRY

Country of origin	December 1969	December 1970	1969[2]	1970[2]	Change from 1969
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Australia	22,456	27,838	542,993	565,741	+4.2
New Zealand	17,902	32,741	224,036	241,927	+8.0
Mexico	4,368	3,537	66,479	78,519	+18.1
Canada	6,279	7,772	43,329	77,810	+79.6
Ireland	8,938	9,172	65,973	68,963	+4.5
Nicaragua	3,325	4,418	39,672	41,901	+5.6
Costa Rica	3,290	2,127	35,172	37,735	+5.7
Guatemala	1,189	840	23,829	23,246	−2.4
Honduras	—	149	20,813	15,872	−23.7
Dominican Rep.	826	984	11,353	7,720	−32.0
Panama	440	48	3,393	5,149	+51.8
United Kingdom	242	111	5,225	4,553	−12.9
Haiti	137	86	1,332	1,278	−4.1
Total	69,392	89,823	1,084,139	1,170,414	+8.0

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products. [2] Rejections for calendar 1970 totaled 17.4 million lb., compared with 13.5 million for 1969.

and the Dominican Republic accounted for the gain from December 1969. Imports from New Zealand totaled 32.7 million pounds. Australia followed with 27.8 million pounds, Ireland with 9.2 million, Canada with 7.8 million, and Nicaragua and the Dominican Republic with 4.4 million and 984,000 respectively.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW
[P.L. 88-482]

Imports	December 1970	Total 1970
	Million pounds	*Million pounds*
1970:		
Subject to Meat Import Law [1]	89.8	1,170.4
Total beef and veal [2]	104.2	1,350.4
Total red meat [3]	139.2	1,809.9
1969:		
Subject to Meat Import Law [1]	69.4	1,084.1
Total beef and veal [2]	83.2	1,216.6
Total red meat [3]	118.2	1,653.0
1968:		
Subject to Meat Import Law [1]	35.6	1,001.0
Total beef and veal [2]	58.6	1,128.0
Total red meat [3]	89.0	1,556.6

[1] Fresh, chilled and frozen beef, veal, mutton, and goat meat, including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

Fruits, Nuts, and Vegetables

Netherlands Prices of Canned Fruits, Juices

Quotations represent wholesale offering prices on a landed-weight basis, including the sugar-added levy but excluding the value-added tax:

Type and quality	Size of can	Price per dozen units Jan. 1970	Oct. 1970	Dec. 1970	Origin
CANNED FRUITS		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricot halves:					
Heavy syrup	2½	—	3.25	3.25	Greece
Not specified	500 g.	1.79	1.66	1.62	Spain
Cherries, sweet not pitted:					
Not specified	1 kg.	4.97	4.97	4.97	Italy
Fruit cocktail:					
Choice, heavy syrup	2½	5.04	5.64	5.60	U.S.
Do	2½	—	5.24	5.24	Australia
Do	2½	—	—	4.74	Italy
Peaches, clingstone:					
Choice, heavy syrup	2½	4.21	4.57	4.57	U.S.
Standard, light syrup	2½	—	3.05	3.05	Greece
Pears:					
Choice, heavy syrup	2½	—	—	3.78	Italy
Pineapple slices:					
Fancy, heavy syrup	2½	4.81	—	4.94	U.S.
Choice, heavy syrup	2½	4.48	—	4.61	U.S.
Do	30 oz.	3.94	4.01	4.01	Taiwan
Extra choice, light syrup	2½	—	4.18	4.18	S. Africa
CANNED JUICES					
Orange, unsweetened	[1] 32 oz.	5.20	4.94	4.48	U.S.
Do	[1] 1 l.	4.01	—	3.78	Israel
Grapefruit, unsweetened	[1] 1 l.	4.11	—	3.88	Israel

[1] Packed in glass bottles.

Larger Indian Cashew Harvest

India's 1971 cashew harvest is forecast at 95,000 short tons (raw nut basis), approximately 6 percent above last season's. Indigenous production provides approximately one-third of the raw nuts processed by the domestic shelling industry. The remaining portion is supplied by imports from Africa, primarily from Mozambique and Tanzania. During calendar 1970, India imported 187,000 tons of raw nuts, approximately 23,300 tons below the 1969 level.

Imports are expected to increase during 1971, with purchases currently forecast at 200,000 tons. In future years, however, the supply of raw nuts is expected to decline as the African processing industry continues to expand. Members of the Indian trade believe that unless domestic production is increased the future of the industry is bleak. According to official sources, more than 100,000 acres of forest land are to

INDIA'S CASHEW SUPPLY AND DISTRIBUTION [1]

Item	1968	1969	1970 [2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Jan. 1)	2.0	17.0	8.0
Production	100.0	100.0	90.0
Imports	224.3	210.3	187.0
Total supply	326.3	327.3	285.0
Exports	284.7	294.5	253.0
Domestic disappearance	24.6	24.8	25.0
Ending stocks (Dec. 31)	17.0	8.0	7.0
Total distribution	326.3	327.3	285.0

[1] Raw-nut basis. [2] Revised.

CASHEW PRICES [1]

Item	1968	1969	1970
	U.S. dol. per short ton	*U.S. dol. per short ton*	*U.S. dol. per short ton*
African raw nuts:			
January	186	210	204
February	206	202	208
March	203	198	211
April	201	207	211
May	200	198	230
June	194	209	231
July	195	207	241
August	201	202	245
September	195	202	245
October	195	204	220
November	197	202	208
December	208	202	208
	U.S. cents per pound	*U.S. cents per pound*	*U.S. cents per pound*
Indian kernels [2]			
January	65.0	67.5	72.0
February	73.0	68.0	71.0
March	70.5	67.0	71.5
April	69.5	66.0	71.0
May	71.0	64.0	73.0
June	70.5	63.0	74.0
July	69.5	66.0	75.0
August	70.0	67.0	76.0
September	70.0	67.0	76.0
October	70.0	69.0	75.0
November	68.0	71.0	75.0
December	69.0	71.0	72.0

[1] As of the first of the month. [2] Angochees, c.i.f. Cochin (converted at 1 rupee = 13.33 U.S. cents). 320 count in 25-lb. tins, c.a.f. New York.

be cleared for the purpose of cashew cultivation.

Kernel exports for 1970 are placed at 59,300 tons, well below 1969's record 69,220 tons. The United States, which had slipped to second position behind the USSR in 1969, ranked as India's leading export market in 1970. Overseas shipments are expected to total 62,000 tons (kernel basis) during 1971.

Dairy and Poultry

Consumption of Dairy Products Up in 1969

Per capita consumption of milk and dairy products in 17 major milk producing and consuming countries[1] averaged slightly higher in 1969 than in 1968.

Nine of the 17 countries showed slight to significant increases in overall per capita consumption in 1969 from that of the preceding year. The gain was due mainly to increased domestic use of butter and cheese in important consuming countries, especially in the European Community. On a milk-equivalent, fat-solids basis, average per capita consumption was 718 pounds compared with 715 pounds in 1968. This is the first year since 1963 that consumption went up. It is probable, however, that this represents only a temporary reversal of the general downward trend in per capita consumption that has taken place in these countries during the past decade.

In the period 1960-1969, per capita consumption of all milk products declined 2.5 percent from 736 pounds to 718 pounds, whole-milk-equivalent basis. During the same years, per capita consumption of fluid milk and cream declined from 316 pounds to 269 pounds—15 percent—and per capita consumption of butter dropped from 12.9 pounds to 12.2 pounds —5 percent. On the other hand, average per capita consumption of cheese in the 17 countries increased 22 percent from 11.6 pounds to 14.1 pounds between 1960 and 1969. Consumption of canned and dried milk, however, remained at a relatively constant level.

Finland continued as the leader in per capita consumption of milk and dairy products, whole-milk equivalent, in 1969, with 1,353 pounds; Ireland was second with 1,247 pounds; and New Zealand ranked third with 1,222 pounds. The United States, as in recent years, was 16th, with a per capita consumption of 568 pounds. On a product basis, Finland was the leading per capita consumer of fresh fluid milk with 574 pounds, New Zealand of butter with 40.3 pounds, France of cheese with 29.8 pounds, the Netherlands of canned milk with 24 pounds, and Sweden of dried milk with 11.4 pounds. In most cases the country rankings in per capita food use of the major classes of dairy products have not changed greatly from year to year, indicating rather traditional patterns of dairy food utilization. Per capita intake, however, varies considerably from country to country, even within the same geographic region.

Total production of milk in the 17 countries declined less than 1 percent in 1969 from the corresponding 1968 outturn, while average per capita production dropped 9 pounds to 783 pounds, or slightly more than 1 percent. Twelve countries, mostly European, showed decreases in per capita production, while increases were noted for Canada, Australia, New Zealand, the United Kingdom, and the Netherlands. Per capita fluid milk production in the United States in 1969 was 572 pounds compared with 583 pounds in 1968.

[1] Canada, United States, Austria, Belgium, Denmark, Finland, France, West Germany, Ireland, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, Australia, New Zealand.

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 10	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.04	−3	1.98
USSR SKS-14	2.03	−1	(1)
Australian FAQ	1.88	0	1.73
U.S. No. 2 Dark Northern Spring:			
14 percent	2.09	+1	1.94
15 percent	2.13	+2	2.01
U.S. No. 2 Hard Winter:			
13.5 percent	1.99	0	1.76
USSR-441 Yellow Winter	1.96	0	(1)
Argentine	(1)	(1)	1.74
U.S. No. 2 Soft Red Winter	1.89	−1	1.63
Feedgrains:			
U.S. No. 3 Yellow corn	1.80	−1	1.56
Argentine Plate corn	1.84	−3	1.55
U.S. No. 2 sorghum	1.64	−3	1.56
Argentine-Granifero sorghum	1.61	−2	1.37
Soybeans:			
U.S. No. 2 Yellow	3.38	−3	3.00
Import levies:			
Wheat	1.42	0	1.65
Corn	.69	+1	.97
Sorghum	.79	−1	1.04

[1] Not quoted. Note: Basis—30- to 60-day delivery.

Crops and Markets Index

World Grain Price Changes

(Continued from page 3)

tine corn and U.S. and Canadian barley, followed slightly different price paths due to particular changes in supplies.

The sharpest contrast between wheat and feedgrain prices was in 1969-70 when feedgrain prices recovered vigorously at the same time that wheat prices further declined. This particular situation was mainly a reflection of domestic U.S. supply-demand conditions, since both import demand and competing foreign export supplies showed little change.

Apart from 1969-70, the main difference in the situations for wheat and feedgrains during the 1960's was that world feedgrain import demand was growing steadily and rather sharply until the middle of the past decade; since that time feedgrain demand has tended to stabilize. For wheat, fluctuations in world import volumes have been more pronounced, and at almost no time in recent years has there been evidence of a strong continuing upward trend such as occurred in the early 1960's for feedgrains.

In relating price fluctuations during recent months (U.S. fiscal 1971) to those that have occurred in previous years, changes in the cost of ocean freight have also been a significant factor, especially at the very end of calendar 1970. For example, the rate for generally quoted types of service from the Gulf of Mexico to Rotterdam fell by about 8 cents per bushel during the last quarter of calendar year 1970, and the rates from Argentina to Rotterdam fell by about 11 cents per bushel. The following table provides a summary of freight rates for these two routes, as assembled by the International Wheat Council, for the same years covered by the grain prices appearing elsewhere in this article.

AVERAGE FREIGHT RATES TO ROTTERDAM BY FISCAL YEAR FOR GRAINS WITH 1970-71 MONTHLY AVERAGE RATES

Year and month	From U.S. Gulf ports	From Argentine River Plate ports
	U.S. cents per bu.	*U.S. cents per bu.*
1960-61	13.2	24.6
1961-62	13.2	22.9
1962-63	11.5	23.2
1963-64	16.0	29.7
1964-65	15.3	29.7
1965-66	14.8	33.3
1966-67	10.8	27.3
1967-68	13.0	27.5
1968-69	10.2	19.9
1969-70	16.5	26.0
1970-71:		
July	20.4	35.8
August	23.6	33.9
September	24.1	36.2
October	23.9	35.2
November	20.6	30.8
December	16.0	24.7